

# Wolves guard the hen house: Who is overseeing the \$2 trillion stimulus package?

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On March 27 the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, was signed into law by Trump after passing with overwhelming bipartisan support. It is the largest stimulus package in American history with approximately \$2.5 trillion in money allocated, almost three times what was allocated in 2008 to bail out the banks.

Included in the bill is \$454 billion to finance guaranteed loans to big corporations which is designed to be leveraged by the Federal Reserve Board into some \$4.5 trillion in loans and subsidies. This provision amounts to a virtually unlimited backstop for the country's corporate and financial aristocracy, with no real strings attached.

When asked on March 23 about how the allocation of the money would be overseen President Trump remarkably declared: "Look, I'll be the oversight."

The bill passed later that week with the pretense of three oversight mechanisms: (1) the appointment of a Special Inspector General for Pandemic Recovery (SIGPR) with far-reaching authority to monitor the \$500 billion slush fund; (2) the Congressional Oversight Commission, which is composed of five members chosen by the majority and minority leaders of both houses of Congress; and (3) the Pandemic Response Accountability Committee, the members of which include inspectors general of several federal agencies, including the Departments of Defense, Justice, and the Treasury.

The various bodies meant to "oversee" the \$2 trillion stimulus package amount to wolves guarding the hen house.

The working class in the United States knows full well how such state-sanctioned scams are carried out. Almost 11 years ago, the US Congress and the Bush administration initiated what was up to that time, the largest bank bailout in history, the Emergency Economic Stabilization Act of 2008.

In the last decade, including eight years of the Obama administration, the working class suffered through the deadly consequences of the bailout. The scale of the devastation, to this day, remains almost impossible to calculate. In the same decade the Dow Jones Industrial Average more than tripled, propped up by a new financial bubble created by the Federal Reserve's four trillion dollars in quantitative easing. The ruling class became richer than ever.

The CARES Act is designed to carry out the same scheme,

though on a much larger scale. The "oversight" mechanisms for the CARES Act are largely modeled on the Emergency Economic Stabilization Act of 2008 and the Troubled Asset Relief Program (TARP), which enabled the US Treasury to spend some \$700 billion to purchase "troubled assets" from leading Wall Street banks.

The overarching aim of the bailout is to utilize this unprecedented health crisis to steal from the working class. The various mechanisms created to oversee the doling out of money are in place primarily to facilitate looting by major corporations and enrichment of the banks and the financial markets, while also serving to give the pretense of "regulation" to the public.

## **The Special Inspector General for Pandemic Recovery (SIGPR)**

The SIGPR provisions are specifically modeled after the Special Inspector General for the Troubled Asset Relief Program (SIGTARP). The special inspector general to head the office is to be nominated by the president, "as soon as practicable" after the Treasury starts spending its \$500 billion. The nominee is then to be confirmed by the Senate and will sit within the Treasury Department. The legislation indicates that the nominee must have "integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations."

If the experience of SIGTARP is any indication then it is safe to say that the SIGPR will be utterly toothless in its ability to regulate the bailout program. As the WSWs documented at the time, rarely did any action come from the audits conducted by TARP oversight bodies like SIGTARP. Most of the time the reports were completely ignored. The WSWs explained in 2009 that, "these bodies have no real power, and neither the Obama administration nor the Democratic-controlled Congress has any intention of responding to their disclosures or acting on their recommendations for greater 'transparency'."

President Trump announced April 3 that he had picked White House lawyer Brian Miller to fill the SIGPR role. Miller is currently a senior associate counsel in the Office of White House Counsel and deputy assistant to the president, where he was involved in Trump's defense during his impeachment trial. It is clear from Miller's history that he is regarded as a Trump loyalist and will faithfully serve Trump's interests in his new

position. His elevation to the position SIGPR positions is subject to Senate confirmation which will easily be pushed through by the Republican majority.

In a signing statement which Trump attached to the law a week prior to Miller's appointment, he states explicitly that he would not abide by a key provision in the legislation that requires the special inspector general to notify Congress "without delay" if any agency is "unreasonable" in denying a request for information.

The effect of this signing statement is that Trump is asserting his right, not only to withhold information from Congress about the coronavirus bailout payments, but to deny Congress even the right to know what information is being withheld, or that a cover-up is under way.

### **The Congressional Oversight Commission**

The Congressional Oversight Commission is designed to have five members, led by a chairperson. The Senate majority and minority leaders, House speaker, and House minority leader each choose one member and the Senate majority leader and speaker of the House together appoint the chair. This means that the Congressional Oversight Commission will be selected by Republican Mitch McConnell of Kentucky, Democrat Chuck Schumer of New York, Democrat Nancy Pelosi of California, and Republican Kevin McCarthy of California—all but McCarthy multi-millionaires.

The commission is meant to oversee the implementation of the law by the Treasury and the Federal Reserve, and to assess the effectiveness of the programs set up through pandemic-related legislation. In regards to the budget, the commission was granted "such sums as may be necessary for any fiscal year."

While the congressional leadership has yet to establish the full commission, there is no doubt that those selected will largely be long-time establishment friendly figures. Senate Democratic Leader Chuck Schumer announced recently that he plans to appoint as his choice for the commission, Bharat Ramamurti, who most recently served as Deputy Policy Director for Economic Policy on the presidential campaign of US Senator Elizabeth Warren.

Even if this group of pro-business reactionaries were to miraculously select a commission of individuals dedicated to fulfilling their oversight role honestly, the bill Congress passed uniquely exempts the Federal Reserve from some of the law's supposed "public transparency" measures if "unusual and exigent circumstances exist." In other words, built into the bill itself is a provision which allows the Federal Reserve to keep hidden information from the commission which is charged with overseeing it!

### **The Pandemic Response Accountability Committee**

Lastly, the Pandemic Response Accountability Committee is to be composed of inspectors general from relevant agencies, including the Departments of Defense, Education, Health and Human Services, Homeland Security, Justice, Labor, and

Treasury, as well as the Small Business Administration. The Treasury Inspector General for Tax Administration and the new Special Inspector General for Pandemic Recovery are also members.

This committee is housed under the Council of the Inspectors General on Integrity and Efficiency, the government-wide coordinating body for inspectors general.

President Trump wasted no time maneuvering to put in place those officials who best suit the factions of the ruling class which he represents. Last week he removed Glenn Fine, the acting inspector general of the Department of Defense, who would have been the chairman of the Pandemic Response Accountability Committee. Fine was informed Monday that he was being replaced by Sean W. O'Donnell, currently the inspector general at the Environmental Protection Agency.

### **A word on the role of Senator Bernie Sanders & the Democrats**

The Democratic Party played a criminal role in supporting the CARES Act. The bill passed in the Senate in a vote 96-0 and by a voice vote in the House of Representatives. Since its passage congressional Democrats have issued only the most limited and perfunctory statements of concern over Trump's maneuvers, which were entirely predictable.

Their main preoccupation has been seeking to add \$250 billion to the so-called "Paycheck Protection Program" and pressing the Trump administration to expand the \$50 billion bailout of the airlines included in the CARES Act.

Bernie Sanders provided a left cover for the bill. In one of his last online town hall events before ending his campaign he emphatically defended his vote for the misnamed CARES Act, saying: "I voted for the \$2 trillion bill that passed ten days ago or so because it had a number of important provisions that go to working people. By the way if you compare this bill to the 2008 Wall Street bailout bill [there is] no question in my mind that this is a far far superior bill because many of us fought to make it a better bill."

As we noted at the time, Sanders' claim that the CARES Act is a "far superior" bill is the opposite of the truth. In practical terms, the economic fallout from this catastrophe will be a repeat, though on a much higher level, of the 2008 bailout, which saw the largest transfer of wealth from the poor to the rich in the history of the US.

The only way in which the CARES Act is "superior" to the 2008 bailout is that it enables corporate America to engage in far "superior" degree of robbery of the American people.



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